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China Baoli Technologies Holdings Limited

中國寶力科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 164)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE SUPPLEMENTAL LOAN AGREEMENT**

SUPPLEMENTAL LOAN AGREEMENT

On 24 August 2016, the Company (as the Lender) entered in the Loan Agreement with the Borrower, pursuant to which the Lender agreed to, among other things, provide the Original Loan to the Borrower. On 22 May 2017, the Company (as the Lender) entered into the Supplemental Loan Agreement with the Borrower, pursuant to which the Lender agreed to increase the principal amount of the Original Loan by USD15,000,000 to an aggregate amount equal to the Loan.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan, when aggregated with the Original Loan, exceeds 5% and all the applicable percentage ratios are below 25%, the Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the amount of the Loan exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, such advance is subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

THE SUPPLEMENTAL LOAN AGREEMENT

Date: 22 May 2017

Lender: the Company

Borrower: the Borrower

The Borrower is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of Yota. It is principally engaged in the licensing of intellectual property rights for use in developing any connectivity devices and ancillary products. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the fact that the Borrower is a wholly-owned subsidiary of Yota, which is an associated company of the Company, the Borrower and its ultimate beneficial owner are independent third parties and not connected with the Company or connected persons of the Company.

PRINCIPAL AMOUNT OF THE LOAN

USD22,000,000

As at the date of this announcement, the total outstanding amount due from the Borrower pursuant to the Loan Agreement amounted to approximately USD6,992,611 (which comprises the principal amount of approximately USD6,728,562 and accrued interests of approximately USD264,049).

The Original Loan under the Loan Agreement and the Loan under the Supplemental Loan Agreement are unsecured.

INTEREST

Interest on the Loan shall accrue at the rate of eight per cent. (8%) per annum. Interest on the Loan shall be calculated on the basis of 360-day year and the actual number of days elapsed.

If the Borrower shall default in its repayment obligations under the Supplemental Loan Agreement on the due date for payment (other than by reason of complying with the terms of the Subordination Deed), a daily interest shall accrue on such unpaid amount from the date of non-payment to the date of actual payment (both before and after judgment), at thirteen per cent. (13%) per annum.

REPAYMENT

The Loan, together with all amounts accrued or outstanding under the Loan Agreement (as supplemented by the Supplemental Loan Agreement), shall be repayable by the Borrower in full on demand by the Lender, provided that no such demand or receipt of any payment under the Loan Agreement (as supplemented by the Supplemental Loan Agreement) shall be made until the Senior Discharge Date or in accordance with the terms of the Subordination Deed. The Loan has no fixed term of repayment.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in mobile technologies business, leisure-related business including tourism and hospitality, property business, gamma ray irradiation service and securities trading and investment.

INFORMATION ABOUT THE BORROWER

The Borrower is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of Yota. It is principally engaged in the licensing of intellectual property rights for use in developing any connectivity devices and ancillary products. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the fact that the Borrower is a wholly-owned subsidiary of Yota, which is an associated company of the Company, the Borrower and its ultimate beneficial owner are independent third parties and not connected with the Company or connected persons of the Company.

REASONS FOR ENTERING INTO OF THE SUPPLEMENTAL LOAN AGREEMENT

The Company, through its subsidiaries, is principally engaged in mobile technologies business, leisure-related business including tourism and hospitality, property business, gamma ray irradiation service and securities trading and investment. Subsequent to the Group's completion of the acquisition of 30% equity interest of Yota and the grant of the exclusive intellectual property license to market and sell any connectivity devices and ancillary products in Greater China, the Borrower has been developing YotaPhone 3 to enable the Group to enter into the smartphone market in Greater China. The Company has increased the Original Loan to the Borrower to provide funding to the Borrower to continue developing YotaPhone 3 and for its general working capital.

The Directors consider that the Supplemental Loan Agreement has been entered into on normal commercial terms after arm's length negotiations between the parties to the Supplemental Loan Agreement and would enable the Lender to earn interest income, and that the conditions and terms of the Loan Agreement (as supplemented by the Supplemental Loan Agreement) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan, when aggregated with the Original Loan, exceeds 5% and all the applicable percentage ratios are below 25%, the Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the amount of the Loan exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, such advance is subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules and the above disclosure is made in compliance with the said rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors;
“Borrower”	Yota Devices IPR Ltd, a company incorporated under the laws of the British Virgin Islands, and a wholly-owned subsidiary of Yota;
“China Baoli Technologies Services”	China Baoli Technologies Services Limited, a company incorporated under the law of the British Virgin Islands;
“Company”	China Baoli Technologies Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 164);
“Directors”	the directors of the Company;
“Greater China”	the People’s Republic of China, which for the avoidance of doubt, includes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Lender”	the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Loan”	the loan facility in the aggregate amount of USD22,000,000 granted by the Lender to the Borrower pursuant to the terms of the Supplemental Loan Agreement;
“Loan Agreement”	the loan agreement dated 24 August 2016 entered into between the Lender and the Borrower relating to the provision of the Original Loan;
“MTH”	MTH Limited, a company incorporated in the Cayman Islands with limited liability;
“Original Loan”	the original loan facility in the amount of USD7,000,000 granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement;
“Senior Discharge Date”	the date on which the obligations of the Borrower to Telconet under the senior seller debt, entered into between the Borrower and Wooden Fish Agency Limited on 22 April 2016 and assigned to Telconet, have been fully and irrevocably paid or discharged;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subordination Deed”	the subordination deed dated 29 April 2016 between the Borrower, Yota, Telconet, the Lender and Yota (Cyprus);
“Supplemental Loan Agreement”	the supplemental loan agreement dated 22 May 2017 entered into between the Lender and the Borrower to supplement the Loan Agreement by increasing the loan facility by USD15,000,000 from the principal amount of USD7,000,000 to USD22,000,000;

“Telconet”	Telconet Capital Limited Partnership, an exempted limited partnership incorporated under the laws of the Cayman Islands;
“USD”	United States dollar, the lawful currency of the United States of America;
“Yota”	Yota, a company incorporated under the laws of the Cayman Islands, and is held as to 30% by China Baoli Technologies Services (which is an indirect wholly-owned subsidiary of the Company), 34.9% by Telconet, 25.1% by Yota Holding and 10% by MTH;
“Yota (Cyprus)”	Yota Devices Ltd, a private company limited by shares incorporated under the laws of the Republic of Cyprus;
“Yota Holding”	Yota Holding Limited, a company incorporated under the laws of the British Virgin Islands; and
“%”	per cent.

By order of the Board
China Baoli Technologies Holdings Limited
Zhang Yi
Chairman

Hong Kong, 22 May 2017

As at the date of this announcement, the executive Directors are Mr. Zhang Yi (Chairman), Ms. Chu Wei Ning (Chief Executive Officer), Mr. Yeung Chun Wai, Anthony and Mr. Wong King Shiu, Daniel; and the independent non-executive Directors are Mr. Wong Hoi Kuen, Mr. Chan Chi Yuen and Mr. Lee Chi Ming.